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## South Africa, Republic of

### Grain and Feed

### Monthly Update

### 2004

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**Report Highlights:**

South Africa's 2003 corn crop is currently estimated at 8.7 million tons, 1.7 million tons more than the initial estimate. The improvement is mainly due to favorable weather during the second half of the season. The total area to be planted to corn later this year is likely to decrease again as slow export sales depress prices. The 2004 area planted to wheat is 851,000 hectares and the crop estimate 2 million tons. With domestic demand about 2.65 million tons high levels of trade are expected to continue.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Pretoria [SF1]  
[SF]

## Summary

South Africa's 2003 corn crop (2003 indicating the year of planting) is currently officially estimated at 8.7 million tons, 1.7 million tons more than the initial estimate made in February. The 24% increase is indicative of the much more favorable conditions and widespread rainfall over the second half of the season, and the importance of the distribution of the rainfall over the season. Harvesting is in progress and deliveries from March to the end of July amount to 7.15 million tons. South African supplies will be adequate for domestic needs, but imports of especially yellow corn and exports of mainly white will continue. Exports to date have been slow.

The 2004 wheat plantings increased to 851,000 hectares after only 748,000 hectares were planted in 2003. The crop estimate is 2 million tons compared to the 1.54 million tons produced last year. Drought in the Western Cape initially affected about 365,000 hectares, but late rains saved the situation. A small import tariff of R18.67 or \$2.84/ton was announced in August.

RH 4005 Zimbabwe Grain and Feed  
KE 4012 Kenya Grain and Feed

[www.sagis.org.za](http://www.sagis.org.za)

[www.grainsa.co.za](http://www.grainsa.co.za)

[www.safex.co.za](http://www.safex.co.za)

[www.fews.net](http://www.fews.net)

[www.wfp.org](http://www.wfp.org)

[www.grains.org](http://www.grains.org)

[www.pecad.fas.usda.gov](http://www.pecad.fas.usda.gov)

## CORN

## PSD Table

**Country** South Africa  
**Commodity** Corn

1000 ha.	2002	Revised	2003	Estimate	2004	Forecast
1000 mt.	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin	05/2003		05/2004		05/2005	
Area Harvested	3650	3650	3000	3005	0	2900
Beginning Stocks	1943	1945	2443	2420	1643	2000
Production	9675	9675	8300	8705	0	8000
TOTAL Mkt. Yr. Imports	441	465	600	430	0	250
Oct-Sep Imports	617	617	600	420	0	200
Oct-Sep Import U.S.	21	21	0	10	0	10
TOTAL SUPPLY	12059	12085	11343	11555	1643	10250
TOTAL Mkt. Yr. Exports	1096	1125	1000	1000	0	900
Oct-Sep Exports	1141	1141	1000	850	0	0
Feed Dom. Consumption	4000	4000	4100	4000	0	4050
TOTAL Dom. Consumption	8520	8540	8700	8555	0	8600
Ending Stocks	2443	2420	1643	2000	0	750
TOTAL DISTRIBUTION	12059	12085	11343	11555	0	10250

## Production

South Africa's current, 2003 (referring to the year of planting), corn crop continues to astound observers. The seventh official estimate was released on August 19, 2004. The total crop is estimated at about 8.7 million tons, 24% more than the initial estimate. In spite of a late start to the rainy season, and a December/January dry spell, the expected average yield increased by 9.4% compared to the previous season. Since the first estimate was made on February 19, conditions improved considerably and the seventh estimate shows an increase of 1.7 million tons on the initial estimate. The 2003 crop is a good example of the gain in yield that can be achieved when the area planted is cut back, as production is intensified on the better soils. It also shows that the rainfall distribution over the season is as important as the total precipitation. The seventh estimate follows:

Crop	FAS 2002	MY 03/04		FAS 2003	MY 04/05	
Corn	Area	Yield	Production	Area	Yield	Production
Commercial	'000 ha.	Mt./ha.	'000 mt.	'000 ha.	Mt./ha	'000 mt.
White	2232	2.85	6366	1728	3.02	5216
Yellow	953	3.17	3026	918	3.55	3263
Total	3185	2.95	9391	2646	3.20	8479
Developing						
White	368	0.60	221	282	0.61	171
Yellow	98	0.66	65	79	0.72	57
Total	466	0.61	286	361	0.63	228
Total corn						
White	2600	2.53	6587	2010	2.68	5387
Yellow	1418	2.18	3091	997	3.33	3320
Total	3651	2.65	9678	3007	2.90	8707

The estimate is supported by the deliveries to the silos, from March 2004 to the end of July about 7.15 million tons has already been received while harvesting continuous. Because the crop was planted late in some areas the final estimate will only be made at the end of September. The average yield for the whole crop is estimated at 2.9 ton per hectare. According to the Abstract of Agricultural Statistics this is third highest average yield ever recorded. The 14.9 million ton 1980 crop yielded 3.3 tons per hectare and the 11.5 million ton 1999 crop 3 tons per hectare.

The most significant feature of the latest estimate is that the average yield of the commercial crop increased by 8.5% compared to the previous season. The yellow corn crop is actually expected to surpass the 2002 yield by 12%. It can be argued that the cutback in area planted mainly consisted of low potential soils resulting in a proportional increase in the area of high potential soil planted. This facilitated the increase in yield. Farmers were probably also able to optimize input use as a result of the smaller area. The role of irrigation cannot be ignored. In the Northern Cape, where only irrigated production is possible, 45,500 hectares were planted this year and this is expected to produce 455,000 tons at 10 tons per hectare. Although the area planted under irrigation declined in 2003 due to the dry start to the season, and some water sources ran dry during the season, it is estimated that about 120,000 hectares were planted under full or supplemental irrigation, probably producing 1.2 million tons of the total. Because of the decline in total area planted, the irrigated crop plays a bigger role in the total production.

The outlook for the 2004 crop to be planted from mid September is also affected by the bigger than expected 2003 crop. With exports for the first three months of the current season running at less than half of the sales of the same period last season, and local sales depressed, the industry is facing an oversupply situation again. As shown in the consumption section, carry over at the end of April 2005 could exceed 2 million tons. Grain South Africa has made planting recommendations to farmers. The crux is that the area planted to white corn should be cut back and the area planted to yellow increased. The following table contains the recommendations compared to the current crop:

CORN	Area 1000 ha.	Yield mt./ha.	Production 1000 mt.	Recom. Area .	Yield Mt./ha.	Production 1000mt.
	Fas 03	Py 03/04	My 04/05	FAS 04	Py 04/05	My 05/06
White	1728	3.02	5216	1488	2.66*	3960
					2.94**	4375
Yellow	918	3.55	3263	1100	2.99*	3290
					3.36**	3695
Total	2646	3.20	8479	2588	2.80*	7250
					3.12**	8070

\* Using the long term average yield

\*\* Using the average yield of the last two seasons.

The recommendation is not to severely cut back the total area planted, but to cut the area planted to white corn by 240,000 ha. and to increase the area planted to yellow by 180,000 ha. One concern is South Africa's variable weather. There has not been a serious drought since 1991 and a drought could cause a severe shortage. Cutting the area planted to 2.59 million hectare, and using the long-term yield of about 2.8 mt/ha, should produce a crop of about 7.25 million tons, which will decrease supplies. But if the average yield of the past two seasons is used in conjunction with the smaller area, production could still exceed 8 million tons. Farmers' response to the recommendations will however be determined by the early season rainfall.

Since the introduction of the free market system the area planted to corn has dropped about 25% from the recent high of 4 million hectares in 1996 and 40% of the all time high of about 5 million hectares in 1975.

The crop in the developing sector amounts to less than 3% of total production and is defined as crops produced primarily for home consumption.

Appendix 1, “**Definitions relating to the crop estimates committee**”, clarifies definitions of grains, cereals, pulses, oilseeds, etc. It defines area planted for grain as the area planted with the intention of harvesting it for grain. Therefore areas planted with the intention of using it for silage etc. are excluded.

## Consumption

Commercial deliveries, that is corn delivered to the silos according to the South African Grain Information Service (SAGIS), forms the basis of the commercial supply and distribution.

To correlate the commercial S&D with a specific crop we use the March to February deliveries and not the formal May to April marketing year. The March and April deliveries are then added to the new season's deliveries and deducted from the May 1 carry over. Imports for re-exports, and the relevant stocks, are incorporated in the figures.

The latest commercial PS&D's are summarized below:

<b>FAS 2002 final</b>	<b>My 2003/04</b>	<b>Commercial S&amp;D</b>	
'000 Metric tons	White	Yellow	Total corn
Beginning stocks	1265	680	1945
Estimate	6365	3025	9390
Retentions	165	255	420
Delivery, March/Feb	6200	2770	8970
Imports	60	405	465
Total Supply	7525	3855	11380
Export	1015	110	1125
Dom. Disappearance	4480*	3355	7835
Ending stocks	2030	390	2420

\* Including an additional 500,000 tons of white corn used for feed.

<b>FAS 2003 estimate</b>	<b>My 2004/05</b>	<b>Commercial S&amp;D</b>	
'000 Metric tons	White	Yellow	Total
B/Stocks	2030	390	2420
<b>7th Crop est.</b>	5216	3263	8479
Farm retentions	166	263	429
Deliveries	5050	3000	8050
Imports	20	410	430
Total supply	7100	3800	10900
Exports	900	100	1000**
Dom. Disappearance	4500*	3400	7900
Ending stocks	1700	300	2000

\* Including an additional 500,000 tons of white corn used for feed.

\*\* Optimistic estimate, this could decrease when more trade figures become available.

## Trade

During the 2003/04 May to April marketing season South Africa imported 468,000 tons and exported 1,126,000 tons of corn.

My 03/04	May 2003 to April 04		
1,000 metric tons	White corn	Yellow corn	Total corn
SAGIS imports	33	408	441
+ for export	27	0	27
Total	60	408	468
SAGIS Exports	1,004	92	1,096
+ imports for export	11	19	30
TOTAL	1,015	111	1,126

More than a million tons, 980,000 tons of white and 80,000 tons of yellow, were exported overland to African states, of which a high proportion needed to be GMO free. For the first time we are also able to trace actual sales to the Customs Union partners (the BLNS countries).

EXPORTS	My 03/04	1,000 metric tons	
Botswana	140	2	142
Lesotho	124	6	130
Namibia	103	19	122
Swaziland	29	26	55
Total Customs Union	396	53	449

Exports during the current, MY 2004/05 marketing season are not faring so well. Between May 1 and the end of August 2004 South Africa exported 172,000 tons of corn, or nearly 43,000 tons per month. To reach the goal of exporting 1 million tons over the season, monthly shipments needs to exceed 83,300 tons per month, and to reach the goal after only exporting 172,000 tons in the first four months, more than 100,000 tons have to be exported monthly over the next 8 months. One of the reasons for the slowdown in exports is that the neighboring states have just harvested their own crops and thus have stocks available. Zimbabwe only took about 46,000 tons in the first four months after buying more than 400,000 tons during the previous season.

Competition is also increasing. Zambia, Zimbabwe's northern neighbor, has become a net food exporter after years of relying on imports. Zambia's white corn production has increased from 600,000 tons harvested in 2002 to 1.2 million tons in 2003 and 1.4 million tons in 2004. Zambia is exporting into the region as well as selling to the WFP.

Domestic prices are basically determined by the Rand/Dollar exchange rate, which is also the main cause of the price instability. The increasing crop estimate and slow domestic and exports sales aggravated the decrease in producer prices.

Futures prices	March 2005	May 2005	September 2004	December 2004
White corn/mt.				
04/30/04			R1166=\$170.2	R1202=\$175.5
05/26/04			R1091=\$164.1	R1130=\$169.9
06/30/04			R955=\$153.3	R993=\$159.4
08/03/04	R1007=\$160.9	R1017=\$162.5	R931=\$148.7	R969=\$154.8
08/27/04	R1076=\$163.5	R1089=\$165.5	R987=\$150.0	R1034=\$157.1
Yellow corn/mt.				
04/30/04			R1178=\$172.0	R1196=\$174.6
05/26/04			R1103=\$165.9	R1123=\$168.9
06/30/04			R960=\$154.1	R993=\$159.4
08/03/04	R1008=\$161.0	R990=\$158.2	R957=\$152.9	R983=\$157.0
08/27/04	R1070=\$162.6	R1044=\$158.7	R995=\$151.2	R1041=\$158.2
Wheat/mt.				
04/30/04			R1765=\$257.7	R1630=\$238.0
05/26/04			R1680=\$252.6	R1602=\$240.9
06/30/04			R1424=\$228.6	R1375=\$220.7
08/03/04	R1467=\$234.4	N/a	R1480=\$236.4	R1445=\$230.8
08/27/04	R1505=228.7	N/a	R1425=\$216.6	R1476=\$224.3

## Wheat

Country	South Africa, Wheat					
Commodity						
1000 ha.	2002	Revised	2003	Estimate	2004	Forecast
1000 mt.	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin	10/2002		10/2003		10/2004	
Area Harvested	941	941	748	748	850	851
Beginning Stocks	587	588	898	897	576	640
Production	2320	2387	1428	1540	2125	2030
TOTAL Mkt. Yr. Imports	871	870	1200	1200	900	900
Jul-Jun Imports	1024	1018	900	1200	900	850
Jul-Jun Import U.S.	63	63	0	600	0	500
TOTAL SUPPLY	3778	3845	3526	3637	3601	3570
TOTAL Mkt. Yr. Exports	310	310	300	350	300	325
Jul-Jun Exports	331	328	300	320	300	300
Feed Dom. Consumption	10	12	10	30	10	30
TOTAL Dom. Consumption	2570	2638	2650	2647	2660	2665
Ending Stocks	898	897	576	640	641	580
TOTAL DISTRIBUTION	3778	3845	3526	3637	3601	3570

## Production

The first official production estimate for the 2004 (year of planting) wheat crop is 2.03 million tons compared to the final estimate of the 2003 crop of 1.54 million tons. The revised area planted estimate is 851,000 ha. which is 13.8% or 103,000 hectares more than in the previous season. About 356,000 hectares (42%) were planted in the Western Cape and 375,000 hectares, (44%) in the Free State. The expected crop in the Western Cape is 712,000 tons at 2 mt./ha. and in the Free State 694,000 tons at 1.85 mt./ha. It appears that the early season drought in the Western Cape did not have a detrimental affect on the crop. The following table contains the estimate by province.

Hectare, Mt.	Area planted 03	Production	Area planted 04	Production
Western Cape	325 000	530 000	356 000	712 000
Northern Cape	48 500	280 000	51 000	295 800
Free State	320 000	480 000	375 000	693 750
Eastern Cape	2 500	8 500	4 200	14 700
Kwazulu-Natal	7 000	31 900	6 500	29 900
Mpumalanga	9 000	36 000	13 000	65 000
Limpopo	8 000	35 000	15 000	67 500
Gauteng	2 000	8 600	2 500	11000
North-West	26 000	130 000	28 000	140 000
TOTAL	748 000	1 540 000	851 200	2 029 650

Current season trade, however, continues unabated. The following tables contain imports and exports from October 2003 to the end of August 2004.

Wheat imports	For Africa	For South Africa	Total, Metric tons
From, USA	142,160	383,710	525,870 47.4%
Canada	13,767	0	13,767
Germany	3,873	12,199	16,072
UK	0	22,420	22,420
Australia	0	272,711	272,711 24.6%
Argentina	58,226	199,845	258,071 23.3%
Total	218,026	890,885	1,108,911

Wheat exports, October 03 to August 04	Metric tons
Botswana	82,109
Lesotho	70,423
Swaziland	36,171
Namibia	10,968
Total Customs Union	199,671 62.5%
Zimbabwe	85,232
Zambia	34,678
Total	319,581

### Tariffs

On August 13, 2004 the import tariff on wheat was increased from Zero to R18.67/ton, or \$2.84/ton at the current exchange rate of \$1=R6.58.